

**MINUTES OF THE REGULAR
MEETING OF THE COMMISSION**

August 8, 2023

1. Call to Order | Pledge of Allegiance

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:15 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Atul Deshmane, Commissioner Christine Grant; and Legal Counsel Jon Sitkin. Commissioner Arnett’s absence was excused. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Andrew Entrikin, Broadband Program Manager; Ann Grimm, Executive Assistant; Annette Smith, Director of Finance; Steve Jilk, In-House Consultant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; Garrett Love-Smith, Project Manager; and Kurt Wank, Director of Utility Operations.

Public attending:

Rick Maricle, Citizen	Tyler McDevitt P66
Robin Dexter, Citizen	Jack Wellman, PSE

2. Approval of Agenda

No changes made.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF AUGUST 8, 2023. Commissioner Deshmane second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- Approval of Meeting Minutes of the Regular Meeting of July 11, 2023;
- Approval of Meeting Minutes of the Regular Meeting of July 25, 2023;
- Approval of the Claims of August 8, 2023:

VENDOR NAME	AMOUNT
ALUMICHEM CANADA INC (formerly WATERHOUSE ENV.)	31,083.80
ARG INDUSTRIAL	26.24
AT&T MOBILITY	1,798.03
CARLSON STEEL WORKS, INC	22.85
CDW/COMPUTER DISCOUNT WAREHOUSE	2,812.26
CESCO NEW CONCEPT CHEMICAL PRODUCTS	148.95
CONNER, ERIC	201.61
CONSOR NORTH AMERICA, INC.	138,335.70
CORNERSTONE MANAGEMENT, INC.	1,462.00
EDGE ANALYTICAL LABORATORIES	24.00
FASTENAL	29.21
FCS GROUP	5,813.75
FERGUSON ENTERPRISES, INC	60.95
FERNDALE ACE HARDWARE	141.94
GRAINGER	50.78
GUARDIAN SECURITY SYSTEMS, INC	93.18
HACH COMPANY	8,092.88
HARDWARE SALES, INC.	360.57
HDR ENGINEERING, INC.	7,896.45
HEALTH PROMOTIONS NORTHWEST	150.00
K ENGINEERS, INC.	217.50
KCDA PURCHASING COOPERATIVE	197.38
LFS MARINE	638.57
MANAGEMENT SERVICES NW	689.61
MOTOR TRUCKS, INC	121.73
NORTH COAST ELECTRIC COMPANY	1,547.47
NORTHWEST CASCADE, INC.	128.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,423.23
NP INFORMATION SYSTEMS (3-D CORP)	269.82
P&P EXCAVATING, LLC	72,688.37
PACIFIC UNDERWRITERS CORP INC	236.00
PLATT ELECTRIC SUPPLY CO	3,814.21
PORTAL WAY FARM & GARDEN	11.41
PUD #1 OF WHATCOM COUNTY	11.90
PUGET SOUND ENERGY, INC	6,673.46
REGENCE BLUE SHIELD	47,532.58
REISNER DISTRIBUTION, INC	1,445.18
RICOH USA	165.18
SHRED-IT USA	55.13
SMITH MECHANICAL	502.93

SPECIAL-T STRIPING & SIGN COMPANY	1,516.81
SSC - SANITARY SERVICE COMPANY	614.25
TEAMSTER LOCAL #231	616.00
UNITED WAY OF WHATCOM COUNTY	742.00
UTILITIES UNDERGROUND LOCATION	18.06
VALVOLINE	101.71
WA ST DEPT OF HEALTH	424.00
WASHINGTON DENTAL SERVICE	2,941.95
WASHINGTON TEAMSTERS WELFARE	13,273.40
WEST COAST MARINE SERVICES	183.50
WHATCOM JANITORIAL	1,430.00
GRAND TOTAL	\$358,836.99

ACTION: Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF AUGUST 8, 2023. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Public Comment

Robin Dexter commented on climate issues and urged the PUD to increase its Reserves fund. Rick Maricle also commented on the Reserves fund and thinks the amount is fine.

5. General Manager’s Report

The report included discussion on electric municipalization and working on sourcing additional power sources and grants to assist the District with possible funding opportunities; Properties at Cherry Point: SSA, a PUD customer, has its industrial site up for sale; and the land sale between Alcoa and Alta Gas is complete. The District has interest in the substation at Alcoa, owned by BPA. More discussion is planned at a BPA/PUD meeting next month.

6. Old Business

• **Broadband Program Update**

- Entrikin updated on the status of WA Broadband Office’s contract for the Point Roberts project;
- Port/PUD Broadband Steering Committee reviewed a resolution from the County to identify approaches to expand broadband access in Whatcom County.
- Entrikin provided a presentation update on where broadband is at now, nationally and locally, and what the future may hold for funding opportunities for 2025 and 2026.
- Grant requested another update on the District’s Local Utility District (LUD) plan to bring fiber to rural areas. Last meeting, the discussion about a LUD for the Raven’s Crest area was declined.
- Whatcom County will consider broadband funding if requests are directed to the Economic Development Investment (EDI) Board.

• **Adjudication Update**

- Ecology has delayed adjudication filing until spring 2024.
- The Continuing Legal Education (CLE) local workshop for attorneys on the adjudication process has been postponed to January. More information is forthcoming.
- Will check in with the Ag Board and their attorney, Bill Clarke tomorrow;
- Met with Jay Manning/County staff on feedback from the Anchor QEA study providing long-term water supply issues and ongoing climate issues.

7. New Business

a) First Half 2023 Financial Report

Finance Director Smith presented the first half financial report update on the 2023 Capital and Operating Budget to Actual figures for January – June, 2023. Slides of the presentation are attached at the end of the Minutes.

ACTION: No action requested. Information only.

b) Approve Renewal of Medical Benefits for Administrative Employees and Commissioners

This year’s renewal of benefits comes in at a slight increase of 2.23% increase for medical/Rx/vision and 2.85% for dental insurance.

ACTION: Commissioner Grant made the motion to APPROVE RENEWAL OF THE DISTRICT’S MEDICAL/VISION/RX AND DENTAL INSURANCE PLANS FOR NON-UNION EMPLOYEES AND COMMISSIONERS: REGENCE BLUE SHIELD EMPLOYEE CHOICE PLATINUM 250 PLAN AND DELTA DENTAL SERVICE PPO PLAN, EFFECTIVE SEPTEMBER 1, 2023 – AUGUST 31, 2024 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT. Commissioner Deshmane second the motion. Motion passed unanimously.

c) **Adopt Resolution No. 832 – Amending the Policy for Employee Compensation of Administrative Employees**

This is a recommendation to update the Accountant I job description and amend the salary range should the need arrive to fulfill the position in the future.

ACTION: Commissioner Grant made the motion to ADOPT RESOLUTION NO. 832 – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY (“DISTRICT”) AMENDING THE *POLICY FOR EMPLOYEE COMPENSATION FOR ADMINISTRATIVE EMPLOYEES* FOR THE PURPOSE OF UPDATING A JOB DESCRIPTION AND SALARY RANGE FOR THAT POSITION. Commissioner Deshmane second the motion. Motion passed unanimously.

8. Operations Report

- Walters and Heimgartner met with the new Bonneville Power Administration’s account representative, discussion centered around the draft BPA policy for Tier 1 power prices. BPA may offer two additional products which may or may not be attractive to the District.
- Clarification of comments at the last meeting regarding Nooksack River low flow – operations have been running at normal levels, even with low-flow amounts. Low flows and heavy rainfall can also create sedimentation/high levels of turbidity at the intake facilities, especially at Plant 1.
- Wank updated on the Ferndale Substation project; the fiber has been connected. Mid-end of September is the anticipated completion date for the substation.

9. Commissioner Reports

Deshmane:

- Plans to attend the Washington Public Utility Districts Association (WPUDA) committee meetings and Water Workshop next month in-person.
- Plans to attend the Public Power Council Meetings in Portland, in-person.

Grant:

- Attended the Energy Northwest Board of Directors meeting on July 26;
- Undecided on attending WPUDA September committee meetings.
- Plans to attend a Port event on August 16 and County Climate Impact Advisory Committee meeting on August 17.

10. Public Comment – No comments.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(i): Potential Litigation; and RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee. Estimated time for Executive Session was sixty (60) minutes. The Commission President indicated no action was anticipated to be taken after the adjournment of Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:23 a.m.

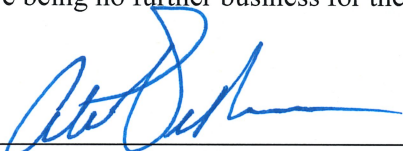
- At 11:20 a.m., an additional fifteen minutes was requested.
- At 11:30 a.m., an additional fifteen minutes was requested.

Executive Session Adjourn

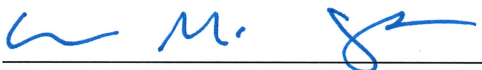
There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:59 a.m.

12. Adjourn

There being no further business for the regular meeting, Grant adjourned the regular meeting at 12:00 p.m.



Atul Deshmane, President/Commissioner



Christine Grant, Vice President/Commissioner

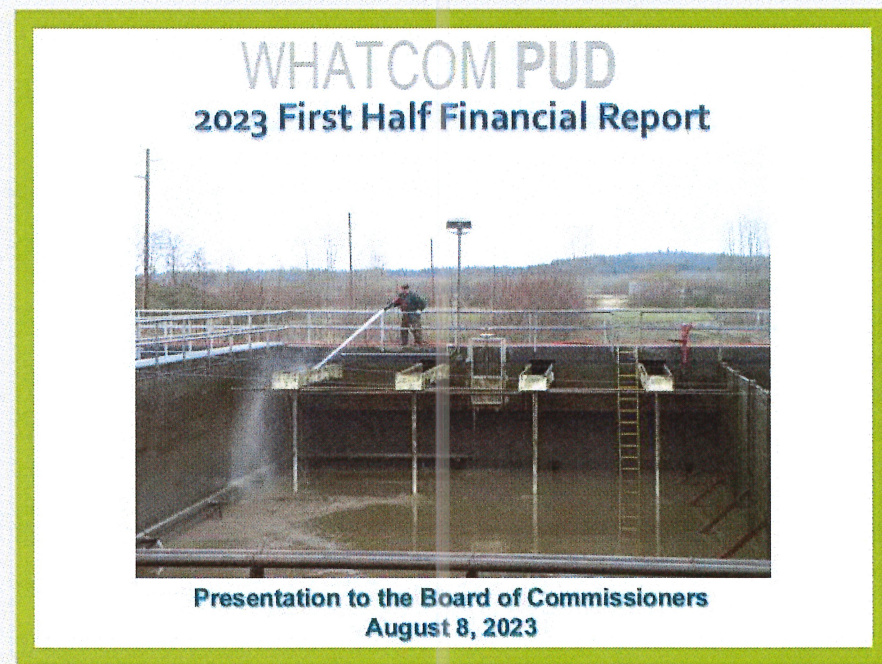


Jaime Arnett, Secretary/Commissioner

Commission Clerk Note:

1) Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD’s Website: <https://www.pudwhatcom.org/the-commission/2023-agendas-packets-meeting-minutes-recordings/>

2) Agenda Item #7 a – Slide Presentation



- Billing Structure
- Operations Update
- Capital Projects Update

BILLING STRUCTURES

403 - INDUSTRIAL WATER Fixed Capital Fixed Operating Fixed Fire? Usage	411 - GRANDVIEW Fixed Meter Fixed Fire Usage
403 - IRRIGATION Fixed Fee Usage	481 - ELECTRIC Power Transmission Taxes General Service } Pass-thru actual costs

OPERATIONS



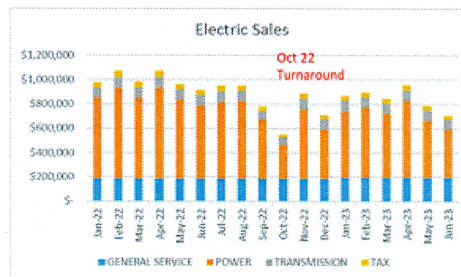
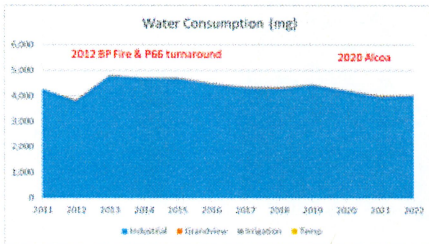
2023 OPERATING REVENUE

January - June

REVENUE	CURRENT	PRIOR	VARIANCE	%	1/2 BUDGET	VARIANCE	%
Industrial Water Sales	5,078,178	4,675,086	403,092	8.6%	5,118,072	(39,894)	-0.8%
Grandview Water Sales	119,985	114,925	5,060	4.4%	132,745	(12,760)	-9.6%
Electric Pass-Thru	3,884,283	4,868,769	(984,486)	-20.2%	4,630,438	(746,154)	-16.1%
Electric General Services	1,179,468	1,119,480	59,988	5.4%	1,179,469	(1)	0.0%
Assessment Income	133,247	115,250	17,998	15.6%	56,450	76,797	136.0%
Interest Income	132,508	46,014	86,494	188.0%	30,267	102,242	337.8%
Miscellaneous Income	179,481	124,826	54,655	43.8%	130,711	48,770	37.3%
TOTAL REVENUE	10,707,151	11,064,350	(357,199)	-3.2%	11,278,150	(570,999)	-5.1%

WATER YTD (g)	2023	2022	%
INDUSTRIAL WATER	1,949,975,743	1,808,258,500	107.8%
GRANDVIEW	3,287,870	4,006,707	82.1%
IRRIGATION	12,744,912	13,751,937	92.7%
	1,966,008,525	1,826,017,144	107.7%

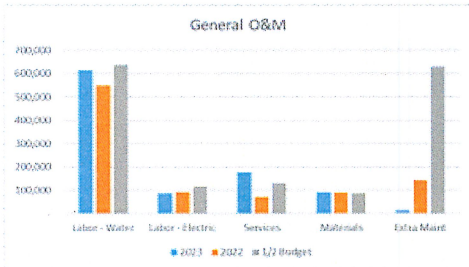
ELECTRIC YTD (mWh)	2023	2022	%
Electric Utility	114,131	109,040	105%



2023 OPERATING EXPENSES

January - June

EXPENSES	CURRENT	PRIOR	VARIANCE	%	1/2 BUDGET	VARIANCE	%
Purchased Power	3,831,540	4,807,239	(975,700)	-20.3%	4,611,002	(779,462)	-16.9%
Purchased Water	2,090	1,506	584	38.8%	2,790	(699)	-25.1%
Water Purification	229,488	212,964	16,524	7.8%	220,611	8,877	4.0%
Taxes/Process/Delivery Costs	234,567	291,626	(57,060)	-19.6%	266,533	(31,966)	-12.0%
General O&M	978,276	934,247	44,029	4.7%	1,599,770	(621,494)	-38.8%
General Administration	1,774,027	1,597,965	176,061	11.0%	1,793,278	(19,251)	-1.1%
Plan & Develop & Grants	326,021	322,888	3,133	1.0%	380,000	(53,979)	-14.2%
Utility Tax Expense	335,528	307,031	28,497	9.3%	359,960	(24,431)	-6.8%
Interest Expense	270,458	304,936	(34,478)	-11.3%	270,458	-	0.0%
TOTAL EXPENSES	7,981,995	8,780,403	(798,408)	-9.1%	9,504,399	(1,522,404)	-16.0%



PLAN DEVELOP. & GRANTS	2023	2022	1/2 BUDGET
Acquisition / Water Rights	\$ 165,586	\$ 152,750	\$ 225,000
Community Education/Communications			5,000
Community Outreach - NWWF booth	50,081		12,500
Customer Survey			2,500
Education and Outreach - PSP	20,895	30,786	50,000
Electric Reliability	40,215		
Feasibility Study - Double LL and Fairfield	5,211		35,000
Habitat Restoration	20,000	20,000	12,500
Logo/Rebranding Request	6,817		7,500
Public Records Request	348	25,839	
Small Water Assoc			2,500
Social Media			2,500
Strategic Plan Update		10,200	
Water Supply Management	13,579	10,144	5,000
Water Supply Plan - WDFW		50,289	
Water System Service	5,291	5,884	15,000
Watershed Management Support			5,000
Well Monitor Pilot Project - DDH		15,977	
TOTAL	\$ 326,021	\$ 322,889	\$ 380,000

CAPITAL PROJECTS



2023 CAPITAL

January - June

		BUDGET	JAN - JUN	EST JUL - DEC	PROJECTED YE	OVER (UNDER)
INTERNAL SERVICES PROJECTS						
IS15	COMMUNICATIONS BACKBONE	300,000	1,353	300,000	301,353	1,353
	SMALLER PROJECTS	172,000	66,516	192,000	258,516	86,516
WATER PROJECTS						
RW14	WATER VEHICLES	115,000	37,137	-	37,137	(77,863)
RW22	MAIN LINE VALVE	100,000	-	100,000	100,000	-
RW28	WTP1 PROJECTS	25,000	198,702	-	198,702	173,702
RW33	PETROGAS METER/VALVE	272,000	324	50,000	50,324	(221,676)
RW34	PSE WHITE HORN METER/VALVE	280,000	192	-	192	(279,808)
RW35	PLANT 1 INTAKE VFD	650,000	6,087	520,000	526,087	(123,913)
RW38	WATER TREATMENT PLANT 1	1,051,684	554,470	450,000	1,004,470	(47,214)
RW44	D STATION REPAIRS	250,000	40,347	510,000	550,347	300,347
RW45	HYDRANT VALVES	150,000	708	50,000	50,708	(99,292)
	SMALLER PROJECTS	10,000	21,712	32,000	53,712	43,712
GRANDVIEW PROJECTS						
GVP5	ROAD CROSSING AT 2349 GRANDVIEW	252,190	500	15,000	15,500	(236,690)
GVP6	LINE EXTENSION ON GRANDVIEW	100,000	243	-	243	(99,757)
	SMALLER PROJECTS	100,000	28,691	100,000	128,691	28,691
ELECTRIC PROJECTS						
E15	ELECTRIC VEHICLE	127,000	-	72,000	72,000	(55,000)
E22	FERNDALE SUBSTATION	966,574	450,298	500,000	950,298	(16,276)
	SMALLER PROJECTS	110,000	15,372	110,000	125,372	15,372
TOTAL CWIP PROJECTS		\$ 5,031,448	\$ 1,422,652	\$ 3,001,000	\$ 4,423,652	\$ (607,796)
EXTRAORDINARY MAINTENANCE PROJECTS						
RWM2	CLEAN MUD BASING	310,000	2,405	286,000	288,405	(21,595)
RWM6	DOUGLAS RD VAULT	130,000	81	130,000	130,081	81
RWM10	PUMP REBUILD	250,000	5,600	-	5,600	(244,400)
EM1	ELECTRIC VEGETATION MGMT	150,000	998	150,000	150,998	998
EM3	SUBSTATION MAINTENANCE	170,000	-	145,000	145,000	(25,000)
	SMALLER PROJECTS	-	2,874	-	-	2,874
TOTAL EXTRAORDINARY MAINT		\$ 1,010,000	\$ 11,958	\$ 711,000	\$ 720,084	\$ (289,916)
TOTAL		\$ 6,041,448	\$ 1,434,610	\$ 3,712,000	\$ 5,143,736	\$ (897,712)